

MONTANA BOARD OF HOUSING

Camp Fortunate Interpretive Center
10 West Reeder Street – Dillon, MT 59725
September 8, 2008

ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present)
Betsy Scanlin, Vice Chairman (Present)
Susan Moyer, Secretary (via Phone)
Audrey Black Eagle (Excused)
Bob Gauthier (Present)
Jeanette McKee (Present)
Jeff Rupp (Present)

STAFF: Bruce Brensdal, Executive Director
Mat Rude, Multifamily Program Manager
Nancy Leifer, Homeownership Program Manager
Chuck Nemec, Accounting
Gerald Watne, Multifamily
Penny Cope, Marketing & Web Specialist
Paula Loving, Administrative Assistant

COUNSEL: Pam Bucy, Luxan and Murfitt

UNDERWRITERS: Gordon Hoven, Piper Jaffray

OTHERS: Heather McMillan, homeWORD, Inc.
Rocki Davis, Salish & Kootenai Housing Authority
Greg Dunfield, Pacific Housing Advisors
Jason Adams, Salish & Kootenai Housing Authority
Don Sterhan, Mountain Plains Equity Group
Nate Richmond, Summit Housing Group, Inc.
Duane Ferdinand, City of Lewistown and LCDC
Burt Buclell, Lewistown
Kelly Gill, Summit Housing Group, Inc.
Rhonda Hardail, Public Housing Authority of Butte
Jim McIsaac, City of Dillon
Debby Barrett, HD 72

Lorene Schuar, Pioneer Federal Savings & Loan
Cara Campbell, State Bank & Trust Co.
Nathan Batchelor, Sparrow Management
Tim German, Sparrow Management
Alex Burkhalter, Sparrow Group
Mike Wornath, Sparrow Management
Clarence Gilham, Blackfeet Housing Authority
Dan Hickey, HAD Management
Sara Fay, Allied Pacific Development.
Gene Leuewer, Rocky Mountain Development Council

CALL MEETING TO ORDER

Chairman JP Crowley called the meeting to order at 8:30 a.m. Dillon Councilman Jim McIssac welcomed the Montana Board of Housing (MBOH) to Dillon and the Camp Fortunate Interpretive Center. Mr. McIsaac provided the Board with a status of the area's housing market. He stated that Beaverhead County has a very strong housing construction economy. Wisdom has the greatest housing construction and Dillon continues to be a very viable town. Mr. McIsaac also commented on the need for community responsibility in relation to projects being awarded from MBOH. Mr. McIsaac concluded by stating the Reverse Annuity Mortgage (RAM) program is very valuable to the Dillon community.

Chairman Crowley suspended the Board meeting and called to order the Qualified Allocation Plan Public Hearing.

Board meeting resumed at 9:40 a.m.

APPROVAL OF MINUTES

Jeff Rupp moved to approve the August 11, 2008 Board meeting minutes and the August 14, 2008 Teleconference minutes. Jeanette McKee seconded the motion. The Chairman asked for comments. Betsy Scanlin requested that in the Homeownership Program section under the new legislation for refinancing reflect that "and loan must be adjustable interest rate" to be clarified to reflect "and the *prior* loan must be adjustable rate." Motion approved unanimously with this change.

MULTIFAMILY PROGRAM

Mat Rude gave an update on two Conduit Bond Deals: Vista Villa and Parkview Apartments in Great Falls. These are project based voucher apartment projects. The proposal reflects that 41% of their units will be at 50% Area Medium Income (AMI), even though a majority of their units are at 50% because they are under a HAP contract. Mat clarified that there is a condition within the Conduit Bond Deal that if the HAP contract is terminated, they have the right to come back and ask for an adjustment to ensure their debt/coverage ratio remains at a certain level. Bob Gauthier moved to approve the preliminary bond resolution. Jeanette

McKee seconded the motion. The Chairman asked for comments. Betsy inquired about the low score for community support. Mat stated that additional letters of support were received but they were of a generic basis. The motion passed unanimously.

Jeff Rupp recused himself from the Board discussion on the West Babcock Apartments due to involvement with project. Mat gave a report on the West Babcock Apartments. The request is for a change to allow for 92% of the project to be structured to target 80% AMI but rents would remain at the 60% AMI level. Jeff Rupp, HRDC, provided status of the current project, stating the units do not have amenities or carports that new projects have and are outdated causing vacancy issues. Jeanette McKee moved to approve staff recommendations for changing to 80% income limits according to the law. Bob Gauthier seconded the motion. The Chairman asked for comments. Betsy asked for clarification on the rent paid for people who are at 80% to pay at 60% rent. The goal is to have a larger pool of potential tenants so the project has less vacancy. The motion was approved. Jeff Rupp abstained from vote.

Mat Rude updated the Board on the 2008 and 2009 Qualified Allocation Plan (QAP) changes as outlined in the Housing and Economic Recovery Act of 2008. Betsy Scanlin moved to increase the minimum rehabilitation threshold for acquisition and rehabilitation credits to the greater of 20% from 10% of eligible basis or \$10,000. per unit which is currently prescribed by the QAP. . Jeff Rupp seconded the motion. The Chairman asked for comments. The motion approved unanimously.

Betsy moved to allow the Board to award a 30% boost to buildings not in DDA or QCT that Board determines needs the additional boost for economical feasibility for projects placed in service after July 30, 2008. Jeff Rupp seconded the motion. The Chairman asked for comments. The motion approved unanimously

Betsy Scanlin moved to add Historic Reference to the QAP for acquisition and rehabilitation of buildings with historic preservation designations recognized by Federal, State, or Local entities. Bob Gauthier seconded the motion. The Chairman asked for comments. The motion approved unanimously.

Betsy Scanlin moved to eliminate below-market federal loans from definition of federally subsidized properties allowing 9% credit for projects placing buildings in service after July 30, 2008. Bob Gauthier seconded the motion. The Chairman asked for comments. The motion approved unanimously.

Betsy Scanlin moved to extend the time developers have to meet the 10% carryover allocation test to April 30th. Bob Gauthier seconded the motion. The Chairman asked for comments. The motion approved unanimously.

Betsy Scanlin moved to eliminate the annual income recertification requirement for 100% qualified unit developments. There would still be a move-in income certification and a first anniversary certification. It will begin in 2009. Bob Gauthier seconded the motion. The Chairman asked for comments. The motion approved unanimously.

Mat Rude asked for direction regarding the \$230,000 additional tax credits allocated from the Housing and Economic Recovery Act of 2008 for the year 2008. Bob Gauthier moved to use these funds for already funded projects for 2007 and 2008 as allowed by regulations. Projects must submit requests in a short period so that the staff and Board could review those requests at the October 6th Board meeting in White Sulphur Springs. Betsy Scanlin seconded the motion. The Chairman asked for comments. The motion approved unanimously.

HOMEOWNERSHIP PROGRAM

Nancy Leifer provided a review of the Audit of Servicers performed by the Legislative Audit. Nancy introduced via phone Jay Phillips and John Fine from Legislative Audit and MBOH staff, Becky Anseth. (Susan Moyer was not present due to phone line abilities.) Jay Phillips reviewed the process and findings of the audit of four Servicers: Valley Bank of Belgrade; Stockman Bank, Mortgage Servicing; Community First Bank; and 1st Community. Streeter Brothers was initially designated for the audit, however, during the month of July Streeter Brothers was involved with three other audits and during this time they were also absorbing the entire MBOH portfolio of Wells Fargo. Valley Bank of Belgrade replaced Streeter Brothers.

Susan Moyer was present via phone for remainder of Board meeting. Nancy Leifer provided the Bond Issue and Market Update. Jeff Rupp expressed the need for action to keep ahead of the market, even if it is selling at the break even point.

Nancy Leifer provided the Board with recommended minimum standards for Private Mortgage Insurance (PMI) Coverage for Whole Loans and Mortgage Backed Securities (MBS). Jeanette McKee moved to approve the PMI Policy change. Betsy Scanlin seconded the motion. The Chairman asked for comments. The motion was approved unanimously.

Nancy Leifer updated the Board on the Set-aside program and provided the Set-aside Summary.

FINANCE PROGRAM

Chuck Nemec provided a financial update. Chuck spoke briefly about the Federal Government's involvement with Fannie Mae and Freddie Mac.

Bond Underwriter Duties and Debt Issuance Guidelines training was provided within the Board Meeting.

EXECUTIVE DIRECTOR

Bruce Brensdal asked Penny Cope to provide a marketing update. Due to time restraints, Penny passed out a flyer on the MTHousingSearch website and will update the board more thoroughly at the next Board meeting.

Bruce Brensdal confirmed the next Board meeting would be in White Sulphur Springs on October 6, 2008.

The meeting adjourned at 12:40 p.m.

Susan Moyer, Secretary

Date